



ARLINGTON FINANCE COMMITTEE
MINUTES OF MEETING

2/1/21 7:30 PM

Conducted by Remote Participation - Zoom Meeting

ATTENDEES:

Gibian	p	Padaria	p	Pokress	I	Kellar	p	McKenna	p
Blundell	p	Wallach	I	Harmer	p	Tosti	p		
Ellis		Foskett	p	Deyst	I	Kocur	p		
White		Beck	p	Jones	p	Deshler	p		
Franclemont	p	Howard	p	LaCourt	p	Carman	p	Diggins	p

p Indicates present, I indicates late

Visitors: Town Manager Adam Chapdelaine, Deputy Town Manager Sandy Pooler, Management Analyst Julie Wayman, Jeff, ACMI, Residents: Don Seltzer, Michaiah Healy

1. INTRODUCTION: Foskett read the rules for the meeting as formulated by Town Counsel based on the Governor's authorization. An important rule is that all votes, unless unanimous, must be by role call. Attendance was taken by roll call. There were no votes. He also thanked the members who are working on the IS Working Group, and the members who wrote the APD Review.

2. MINUTES of 11/23/20 approved unanimously.

3. Pooler reviewed the FY21 2nd quarter report (Ref 1). He discussed each expense vs revenue item and explained the mostly small unbalances. The Rink income is well below expenses because of Covid-19. Sandy is working with the Director to shift some funds from Rec to cover the Rink costs. He also said local receipts are 60% below expectations based on previous years.

Chapdelaine quoted from his FY 22 Budget message saying how difficult budgeting is this year because of the uncertainties related to the Covid-19 effects. He has proposed a mostly level service budget. The Health Department has a big increase to pay 2 officers to do contact tracing. In FY 21 these salaries were paid from Federal funds. They may still be needed in FY22. If so they will be in the budget in the 2nd half of the year. He also has upgraded Diversity, Equity & Inclusion to a new sub department within Health & Herman Services. All union contracts end in June except the Patrol Officers contract that is in arbitration and should be settled soon. Negotiations have begun with the other unions. The school budget is showing a surplus because the number of students is down. No one knows how many students will return in the fall. Chapdelaine proposes to set aside the growth increase that was not needed this year in

a FinCom Reserve Fund that could be drawn upon by the School Committee if a student increase happens next year (FY22). He suggested that a \$13m to \$15m override will be needed in FY24. He has not set a hiring freeze, but is discouraging filling vacant positions promptly. This is preferable to layoffs. The Trash hauling contract ends in FY22. The hauler has offered a new deal to start before the existing contract ends. The hauler wants us to pay for recycling. Negotiations continue. Any APS surpluses will flow through free cash. The school growth formula is variable in both directions (will also reduce the budget if enrollment drops).

Wayman reported on the Capital Budget (Ref 2) She showed that the nonexempt budget was close to 5% through 2026. The new AHS is under budget and the building committee is considering adding some features, previously dropped, back in. The DPW project expects to stay on budget. The total assessed value of town property was discussed in relation to capital expenditure.

4 LaCourt reported (Ref2) on the progress of the IS working group that is adapting the Town's MS 365 to become a FinCom record system. She answered questions from members.

5. Foskett, using Ref 3, explained his 3 initiatives intended to address related concerns:

- 1) Document and plan our activities
- 2) Recruit new members
- 3) Deepen our knowledge of Town and School Operations in the context of our structural deficit

He is organizing 3 working groups as follows:

- Communications to be led by Padaria
- Policy & Procedures to be led by Deshler
- Operations Research to be led by Tosti.

6. RESERVE FUND BALANCE: \$1,556,724

Next meeting Wed 2/10/21.

The meeting adjourned at 9:50 PM.

Peter Howard

2/2/21

Revised 2/10/21

Ref 1 Mid Year Financial Report

Ref 2 Capital Plan

Ref 3 IS Group Status

Ref 4 New Initiatives

Town Manager Presentation to Finance Committee

February 1, 2021

Arlington 2nd Quarter FY2021

- Revenue

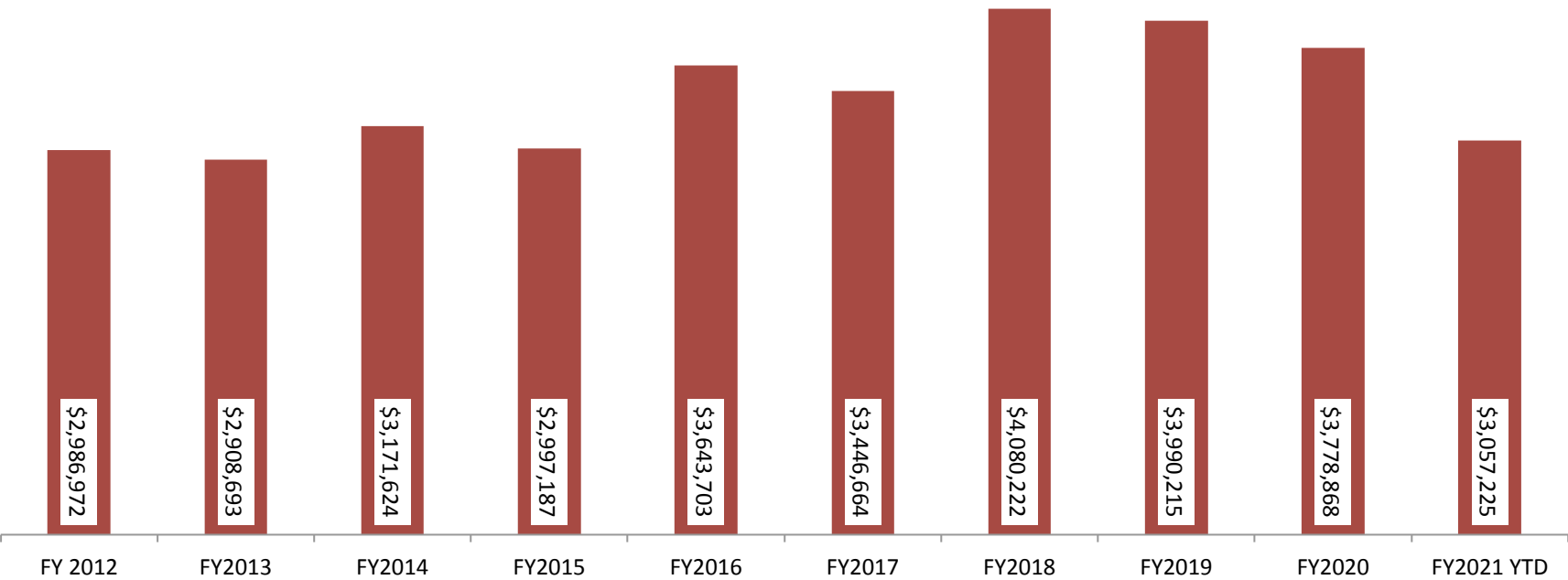
- GF 49%
- Water/Sewer 56%
- AYCC 37%
- COA Transp. 12%
- Rink 27%
- Recreation 17%

- Expenses

- GF 69%
- Water/Sewer 56%
- AYCC 67%
- COA Transp. 35%
- Rink 61%
- Recreation 27%

LOCAL RECEIPTS	FY2021 YTD	BUDGET Adjusted for RECAP	Surplus or (Deficit)	% COLLECTED
Motor Vehicle Excise	\$474,304	\$4,040,800	(\$3,566,496)	12%
Meals Tax	\$194,540	\$50,000	\$144,540	389%
Hotel Tax	\$81,563	\$60,501	\$21,062	135%
Penalty/Interest	\$230,614	\$355,000	(\$124,386)	65%
PILOT	\$45,108	\$18,000	\$27,108	251%
Departmental Fees	\$355,106	\$689,000	(\$333,894)	52%
Rentals	\$65,759	\$142,000	(\$76,241)	46%
School Medicare Reimb	\$41,728	\$100,000	(\$58,272)	42%
Library Fines & Fees	\$2,533	\$0	\$2,533	-
Cemetery	\$109,300	\$265,000	(\$155,700)	41%
Other Department Revenue	\$132,116	\$225,000	(\$92,884)	59%
License & Permits	\$1,036,893	\$1,705,000	(\$668,107)	61%
Special Assessments	\$214	\$0	\$214	-
Fines and Forfeitures	\$4,661	\$15,000	(\$10,339)	31%
Investment Income	\$282,786	\$241,000	\$41,786	117%
Medicare D				
		Through December		50%
TOTAL	\$3,057,225	\$7,906,301	(\$4,849,076)	39%

YTD Revenue as of Period 6



Town of Arlington
Capital Plan FY 2022 - FY 2026

Ref 2

Fiscal Year	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Prior Non-Exempt Debt Service (FY20 & earlier)	\$5,586,978	\$5,199,768	\$4,817,051	\$4,270,550	\$4,524,210	\$24,398,558
Estimated Prior Non-Exempt Debt Service (FY21)	\$1,803,233	\$1,787,641	\$1,776,179	\$1,754,194	\$1,746,122	\$8,867,370
Cash	\$3,692,797	\$3,202,369	\$3,606,859	\$3,399,241	\$3,451,723	\$17,352,989
New Non-Exempt Debt Service (FY22 & after)	\$0	\$605,703	\$832,531	\$1,065,569	\$1,301,619	\$3,805,422
BAN Interest and Principal	\$0	\$0	\$28,750	\$28,750	\$0	\$57,500
Total Non-Exempt Tax Burden	\$11,083,008	\$10,795,482	\$11,061,370	\$10,518,304	\$11,023,674	\$54,481,838
Direct funding sources:						
Non-exempt Bond Premium (from FY2019)						\$0
Rink Enterprise Funds	(\$54,156)	(\$52,056)	(\$50,106)	(\$48,306)	(\$17,247)	(\$221,872)
Ambulance Revolving Fund	(\$97,095)	(\$94,231)	(\$66,742)	(\$139,378)	(\$134,389)	(\$531,835)
Capital Carry Forwards	(\$539,066)					(\$539,066)
Antenna Funds	(\$206,268)	(\$198,584)	(\$192,694)	(\$182,009)	(\$166,891)	(\$946,447)
Urban Renewal Fund	(\$45,744)	(\$44,144)	(\$42,544)	(\$40,944)	(\$34,494)	(\$207,869)
Recreation Enterprise Fund	\$0	\$0	(\$89,000)	(\$89,000)	(\$89,000)	(\$267,000)
Asset Sale Proceeds	(\$750,000)					(\$750,000)
Adjustments to 5% Plan:						
Roadway Reconstruction Override 2011	(\$499,545)	(\$512,033)	(\$524,834)	(\$537,955)	(\$551,404)	(\$2,625,772)
Accessibility Improvements Override 2019	(\$205,000)	(\$210,125)	(\$215,378)	(\$220,763)	(\$226,282)	(\$1,077,547)
2016 and prior Bond Premium						\$0
Prior Year Encumbered Debt Service						\$0
Debt service, Town-owned Rental Properties	\$0	(\$13,750)	(\$13,375)	(\$13,000)	(\$12,625)	(\$52,750)
Net Non-Exempt Plan	\$8,686,134	\$9,670,558	\$9,866,697	\$9,246,949	\$9,791,342	\$47,261,680
Pro Forma Budget	\$173,671,213	\$182,347,677	\$190,836,500	\$200,269,834	\$208,632,128	\$955,757,352
Budget For Plan at 5%	\$8,683,561	\$9,117,384	\$9,541,825	\$10,013,492	\$10,431,606	\$47,787,868
Plan as % of Revenues	5.00%	5.30%	5.17%	4.62%	4.69%	4.94%
Variance From Budget	(\$2,574)	(\$553,174)	(\$324,872)	\$766,542	\$640,264	\$526,187

Charge for the IS Working Group

- Provide a platform for increased collaboration for the committee
- Improve the process by which the committee produces its report avoiding inaccuracy and miscommunications about changes
- Create a historical record of our work
- Give us the capability to do more historical analysis and model future impacts to the budget

Why are we implementing Microsoft 365/Sharepoint?

- Finance Committee needs a way to share documents and this is the tool the town is adopting.
- Using Sharepoint will create a historical record of our work on the town's systems. Not just the items we post but all of the documents we create. In future it also gives us a platform for creating more trend analysis that can inform our work. We can update and share that here
- This tool makes it easier for us to share documents and changes to the budgets with the finance department who will also be using Sharepoint in the future.



New Initiatives

Arlington Finance Committee

February 1, 2021

Agenda

- ▀ Background
- ▀ Objective
- ▀ Initiatives
 - ▀ Policy Working Group
 - ▀ Communications Working Group
 - ▀ Operations Research Working Group
- ▀ Process

Background



The Finance Committee has a long history of success and a strong reputation in Arlington



The Finance Committee is the critical avenue for ensuring financial integrity of Town operations for the citizens of Arlington by providing independent review and advice to Town Meeting, Town management and elected officials



By statute, the Committee draws from each precinct in the Town



Continued success for the Finance Committee in future years and decades will depend on how we organize and prepare the Committee now



Three current needs: 1) Document and plan our activities, 2) Recruit new members and 3) Deepen our knowledge of Town and School Operations in the context of our structural deficit

Preamble and Objective



**Ideas presented are just ideas,
not divine truths**



A view of issues:

We have no written record of what we do as an organization or plan to do in the future

Finance Committee lacks visibility to the public, resulting in difficulties recruiting members from each precinct

Need for easily accessible data, current and historical, to support the Committee



**Objectives: Vision and
Leadership**

Spread responsibility and authority throughout the Committee

Empower members to affect the future direction of the Finance Committee

Develop Finance Committee leadership throughout the Committee

Communications Working Group

Team Leader: Arif Padaria

Town

Website

Notices

Reports to Town
Meeting

Boards and
Departments

Public

Social Media

Arlington List

Press Releases

Other Related
Institutions and panels

Recruiting

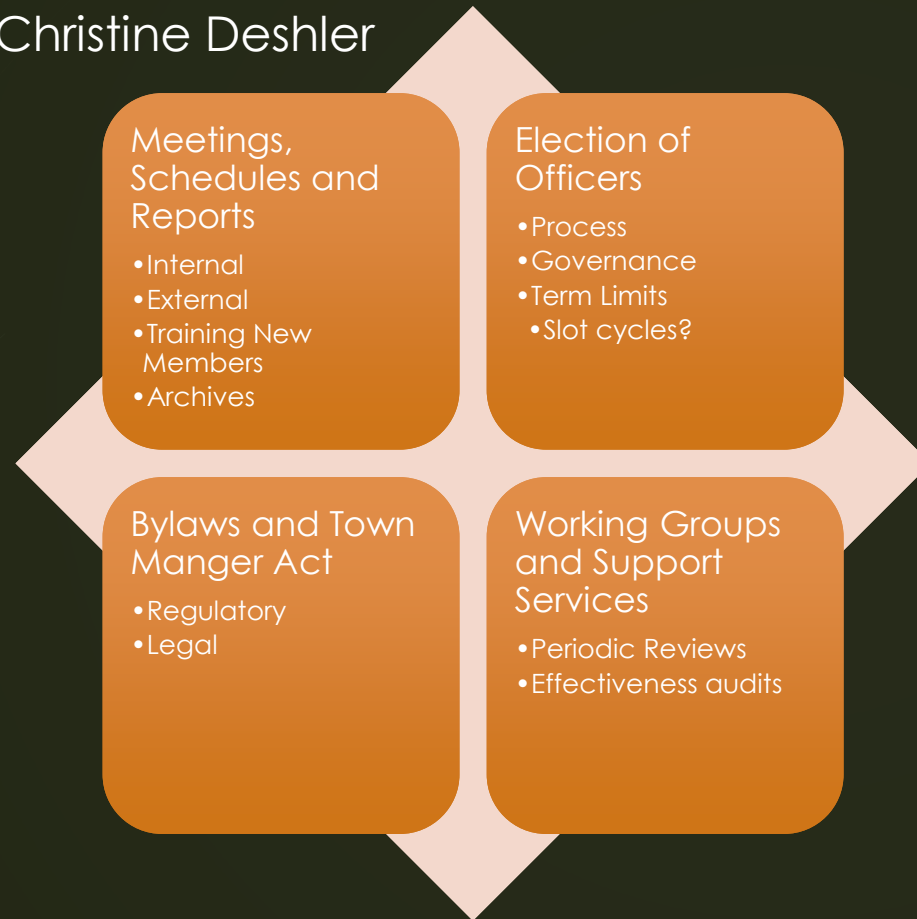
Town Organizations

Precinct Meetings

PTA's

Policy and Procedures Working Group

Team Leader: Christine Deshler



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Operations Research Working Group

Team Leader: Al Tosti



APD report (C. Deshler, D. Harmer, J. Wallach) well received on Finance Committee and by groups across the Town



The Committee has a need to build historical data base and reference material



IT Working Group is developing an infrastructure for accessing this type of information



The suggestion has been made to apply to other departments (DPW, APS, etc.)



Determine goals and priorities among departments, boards and funds



Plan how to staff and schedule the entire multi-year process

Suggested Process

- ▶ Working Groups develop their own charter and schedules
- ▶ Working Groups develop plans and recommendations, but do not make FinCom decisions. Plans and recommendations have to be voted by the full Committee
- ▶ Working Groups should be less than a Finance Committee quorum, but can develop their own membership
- ▶ Each Working Group should plan regular updates or reports to the full Finance Committee
- ▶ Memoranda for next steps will be available shortly

Thank You